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Ministry of Forests

CHINESE TRADE MISSION CONFIRMS MARKET POTENTIAL

BEIJING – Team BC has confirmed the market potential for British Columbia's wood products in China, but success in Asia will be the result of patience, persistence and a lot of hard work, said Forests Minister Michael de Jong.

"If we want to be a part of helping China build its future, we've got to start by building relationships with the growing number of business leaders and developers who are behind China's mind-boggling economic growth," said de Jong, who is in Beijing heading a delegation of more than 30 leaders from British Columbia's forest industry, First Nations and labour organizations.

Summary of activities after six days of the seven-day visit:

B.C. invited to help plan and build satellite community: The trade delegation met with Shanghai city officials who extended an invitation to British Columbia to take part in planning and building a massive urban redevelopment project in Shanghai. Officials also confirmed they have set land aside for the project. The city is building nine satellite communities using different international construction techniques. Plans are for one of the villages to feature North American-style homes.

Letter of intent seals first step towards housing partnership: The Forests Minister witnessed the signing of a letter of intent between China's Beijing Capital Land Ltd. and Beijing Maple Real Estate Co. Ltd.; and Prince George-based Spruce Capital Homes Ltd. and Prince George-based Sinclar Enterprises.

This letter is the first step in British Columbia gaining a share of a 900-unit housing development near Beijing, slated to start construction in February 2003. The project, called Vancouver Gardens, aims to take advantage of Vancouver's international reputation as a desirable place to live and will feature styles of homes like those in the Lower Mainland. Designed by a Vancouver-based architect firm, at least 40 of the 200 homes built in Phase 1 of the project will be constructed with wood.

He Qun, vice-general manager of Beijing Maple Real Estate, said this project will help confirm the market response for wood versus the more traditional concrete construction in China, and is a project "designed to unlock the door to the Chinese market."

"Winning a stake in designing and building the project could help launch the B.C. wood-products industry solidly into the lucrative Chinese construction market," de Jong said.

Memorandum aimed at simplifying wood shipments to China: De Jong also witnessed the signing in Shanghai of a memorandum of understanding between China's Cosco International Holdings Ltd. and British Columbia's All International Investment Development Ltd. that will lead to ease of shipping wood products to China. The memorandum is for the Canadian firm to provide spruce, pine and fir lumber for use in China's construction, furniture and packaging industries.

Cosco International Holdings Ltd. is a subsidiary of Cosco Hong Kong Group, controlled by the China Ocean Shipping Corp., one of the largest shipping companies in the world. Canada All International Investment Development Ltd. is a Vancouver-based company with extensive business interests in China.

Minister visits Beijing Olympic Committee: De Jong met Friday with organizers of the 2008 Beijing Summer Olympics to promote the use of B.C. wood products in facilities construction. Beijing has 22 sites to build or renovate for the Olympics, and B.C. is interested in providing environmentally sensitive building products that will allow Beijing to meet the environmental requirements of the International Olympic Committee. The minister encouraged the Olympic Committee to choose high-profile, visible Olympic facilities and to use them to showcase the natural beauty and benefits of advanced wood construction techniques.

Team BC's forest product trade delegation encouraged by response: The delegation also met with dozens of developers in Shanghai and Beijing to discuss individual opportunities for companies or First Nations wood products manufacturers to develop partnerships for trade.

"I've been supplied with blueprints and asked to bid on two separate log home projects," said Kathy Udot, representing Eagles Nest Log Industries, a First Nations log home building company.

"The emerging China market could provide some real opportunities to develop high-end wood products," said Tom Happynook from the Huu-ay-aht First Nation. "However, there are some real access challenges that will need to be resolved through a collaborative effort between B.C. and China."

China, with its population of 1.2 billion, has the potential to help B.C. diversify its wood products markets, which is why Canadians are supporting the development of China's wood-frame construction building codes.

De Jong also said Chinese skepticism about the safety, durability and affordability of wood-frame construction is an impediment to expanding the lumber market.

"There are lingering doubts on the part of officials who have always dealt with concrete and brick construction," said de Jong. "Getting a wood-frame construction code in place will help dispel some of the uncertainty." De Jong was assured by Chinese officials the new code would be in place in the spring of 2003.

China had about 10 million housing starts last year, the largest number in the world. While most buildings are made of concrete and brick, demand is increasing for cost-effective, environmentally friendly and renewable construction materials like wood.

China is 12th on Canada's list of countries in terms of volume of wood product exports ($23 million in B.C. forest products last year), but it is the only country on that list that is currently increasing.

This is the first major international trade mission funded and organized by the forestry innovation investment program, part of a $20-million government commitment to promote B.C.'s high-quality wood products and world-class forest practices. The mission will help B.C.'s forest sector expand markets and diversify from its traditional dependence on the U.S. market.

The program is providing funding of about $2 million for projects in China this year, including helping to develop the wood-frame building code, creating a trained labour force for wood frame construction, supporting industry associations to secure a market presence for the development and promotion of B.C. wood products, and doing ongoing market intelligence and research into related business opportunities.

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Editors: Photos and video footage are available online at http://www.for.gov.bc.ca/pab/media/gallery.htm

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